




COUNCILMEMBER DONNA FRYE
Council District Six
City of San Diego

M E M O R A N D U M

DATE: May 15, 2007
TO: Honorable City Councilmembers
FROM: Councilmember Frye 
SUBJECT: Breakdown of CCDC Loan Repayment

I have proposed that the Centre City Development Corporation (CCDC) repay the city approximately \$3.8 million from Community Development Block Grant (CDBG) funds loaned to them by the city over the years. It is my belief that before the city dismisses its obligations to the few social service programs that it still helps to fund, we must evaluate other alternatives. One such obvious alternative is to request a small portion of the approximately \$107 million in CDBG loans owed to the City from CCDC. Of this outstanding balance, I am requesting that CCDC pay back \$3,781,193 to help the city fully fund its social service obligations and to allow us to make good on the commitments that the Mayor conveyed to the ADA community on April 20, 2007.

Today we are attempting to send a message that we care about the social service programs that our city helps to fund, and would like to see them continue at their current funding levels.

On April 20, 2007 the Mayor made a commitment to the disabled community that he would recommend increased ADA improvements throughout the city with the city-wide CDBG money that his office manages. He did this based on the incorrect assumption that the City Council would approve his proposal for how to restructure the CDBG program, a process exclusively directed by the City Council.

When the City Council finally had the opportunity to review his proposal at a recent publicly noticed hearing, only six of the eight City Council offices accepted it. As a result, to make good on the promise he made to the ADA community, the Mayor was then tasked with coming up with an additional \$1,616,028. To do this, he proposed that we further cut several critical social services that the city funds with federal dollars (See attached memo #1, FY 2008 Social Services Program Funding Recommendations).

Amount to be paid back from CCDC as repayment for CDBG loans: \$3,781,193

Amount to be paid to save critical social service programs: \$567,179

Amount of the Mayor's commitments to the ADA community: \$1,616,028

- \$3,781,193 (CCDC repayment)
 - \$567,179 (15% of CCDC repayment used to fully fund social services)
 - \$1,616,028 (Mayor's ADA promise, which is 42.7% of total CCDC repayment)
- \$1,597,986**

This amount would then be broken down and distributed to the eight council districts according to the percentages of low & moderate income residents in each council district:

District	Percentage	Amount
1	6.50%	\$103,869.09
2	10.0%	\$159,798.60
3	19.10%	\$305,215.33
4	15.50%	\$247,687.83
5	6.20%	\$99,075.13
6	12.30%	\$196,552.28
7	12.00%	\$191,758.32
8	18.40%	<u>\$294,029.42</u>
		\$1,597,986

Additionally, I became aware yesterday that CCDC is projecting to receive approximately \$17 million in excess tax increment revenue for Fiscal Year 2007 (see attached #2, IBA Memorandum No. 07-8). If my proposal is prohibited for any reason, the \$567,179 needed to fully fund the social service programs mentioned above could be found in this excessive revenue. I would be happy to consider this possibility as part of our discussion.

Thank you for your consideration of this matter.

CC: Independent Budget Analyst, Andrea Telvin
City Attorney, Mike Aguirre

**FY 2008 SOCIAL SERVICES PROGRAM
FUNDING RECOMMENDATIONS ¹**

AGENCY	PROJECT NAME	FY 07 AMT	FY 08 AMT	DIFF \$	DIFF %
CITY/ECONOMIC DEV.	Cortez Hill Family Center	\$635,000	\$654,050	\$19,050	3.0%
CITY/ECONOMIC DEV.	Homeless Emergency Shelter Program	\$210,000	\$749,805 ²	\$539,805 ²	257.0% ²
CITY/PARK AND REC.	Power Beach Wheelchair Program	\$25,000	\$25,000	\$0	0.0%
CITY/SDPD	Homeless Outreach Team	\$50,000	\$50,000	\$0	0.0%
FOURTH DISTRICT SENIORS RESOURCE CENTER	Fourth District Seniors Resource Center	\$26,910	\$26,910	\$0	0.0%
REGIONAL TASK FORCE ON THE HOMELESS	Regional Task Force on the Homeless	\$45,000	\$45,000	\$0	0.0%
CITY/PARK AND REC.	Senior Citizens Services	\$180,416	\$171,395	(\$9,021)	-5.0%
CITY/PARK AND REC.	Therapeutic Recreation Services	\$469,188	\$445,729	(\$23,459)	-5.0%
BARRIO STATION	Barrio Youth Program	\$307,652	\$292,269 ³	(\$15,383)	-5.0%
COUNTY OF SAN DIEGO	Interfaith Shelter Network-Rotational Shelter Program	\$30,150	\$28,643	(\$1,507)	-5.0%
CITY/ECONOMIC DEV.	Neil Good Day Center	\$400,000	\$264,000	(\$136,000)	-34.0%
BEING ALIVE, SAN DIEGO	HIV/AIDS Information & Education	\$69,776	\$46,052	(\$23,724)	-34.0%
CASA FAMILIAR	Casa Familiar Family Services Center	\$67,563	\$44,592	(\$22,971)	-34.0%
LEGAL AID SOCIETY OF SD	Legal Aid Community Response Team	\$86,143	\$56,854	(\$29,289)	-34.0%
SAN DIEGO COUNTY SER/ JOBS FOR PROGRESS	Pacific Beach Employment Center	\$80,730	\$53,282	(\$27,448)	-34.0%
SD LGBT COMMUNITY CTR.	AIDS Response Program	\$67,065	\$44,263	(\$22,802)	-34.0%
SAN DIEGO TEEN COURT	City of San Diego Teen Court	\$44,850	\$29,601	(\$15,249)	-34.0%
CITY/ECONOMIC DEV.	Youth Leadership & Work Experience Academy	\$44,850	\$0	(\$44,850)	-100.0%
COUNTY OF SAN DIEGO	Senior Nutrition Services	\$195,476	\$0	(\$195,476)	-100.0%
SOCIAL SERVICES PROGRAM TOTAL		\$3,035,769	\$3,027,445	(\$8,324)	-0.3%

¹ Program descriptions are listed in the following five pages.

² The total funding allocation for the Homeless Emergency Shelter Program (HESP) is \$674,805 for FY 2008, which reflects a 3% increase of \$19,805 to anticipated increases to City costs. The total \$539,805 increase in the HESP Social Services allocation also includes a one-time \$75,000 allocation for the purchase of new tent skins and \$445,000 to offset a loss in funding from the San Diego Housing Commission (SDHC).

³ The two Barrio Station projects funded in FY 2007 are combined into one project in FY 2008.

SUMMARY BY PROJECT

PROJECT	DESCRIPTION
Cortez Hill Family Center (\$654,050)	The Cortez Hill Family Center (CHFC) is a 90-day case-managed transitional shelter for homeless children and their parents. The CHFC is owned by the City of San Diego and has been operated by the YWCA of San Diego since 2001. The purpose of the program is to reduce the prevalence of family homelessness in San Diego by providing homeless families with the resources they need to secure employment and permanent or long-term transitional housing within 90 days. To accomplish these goals, the CHFC staff offers each family a variety of supportive services including case management, counseling, chemical dependency assessments and counseling, parenting classes and career assistance. The FY 2008 recommended amount represents a 3% increase (\$19,050) in funding.
Homeless Emergency Shelter Program (\$749,805)	The Homeless Emergency Shelter Program (HESP) provides homeless persons with a clean, safe environment for 120 days. The program provides 1-3 meals per day, shower and sanitation facilities, and furnishings. County and community agencies come on-site so sheltered clients have ready access to services. These services include medical and mental healthcare, job counseling, housing, counseling, and recovery programs. The program provides beds for veterans, single adults, and families with children. The program has provided approximately 410 shelter beds for the last three years. The FY 2008 recommended amount represents a \$445,000 increase to offset the loss in San Diego Housing Commission funding, a 3% increase (\$19,805) in funding, and a one-time \$75,000 increase to cover the purchase of new tent skins to replace the aging and deteriorating skins that have been used since 1998.
Power Beach Wheelchair Program (\$25,000)	The City's Power Beach Wheelchair Program, administered by the Park and Recreation Department beginning FY 2006, was first established as a pilot program at Mission Beach. Program operations began in FY 2000. In FY 2005, the City was awarded \$100,000 from the Coastal Conservancy, of which a portion of the allocation was approved for the purchase of two power beach wheelchairs with a maintenance agreement. The Coastal Conservancy grant funds cannot be utilized for the operation of the Power Beach Wheelchair Program, which provides clients with mobility disabilities an additional option of access to the sand and beach areas of Mission Beach. The FY 2008 recommended amount represents no change in funding.
Homeless Outreach Team (\$50,000)	The Homeless Outreach Team (HOT) Program provides a compassionate approach to homelessness by providing voluntary placements in housing and arranging case management. The Team (comprised of 1 police officer, 1 health/human services worker, and 1 psychiatric clinician) conducts street interviews with chronically homeless people and provides housing, legal, and clinical assessments. After the assessment, the client is placed into appropriate housing and is case managed to ensure stability. The program places about 240 chronically homeless people each year. The Social Services Program funding pays for a portion of the psychiatric clinician. The FY 2008 recommended amount represents no change in funding.

SUMMARY BY PROJECT

PROJECT	DESCRIPTION
Fourth District Seniors Resource Center (\$26,910)	The Fourth District Seniors Resource Center provides opportunities for seniors that promote self-sufficiency and independent living skills through educational, recreational, social services and appropriate referral services. The FY 2008 recommended amount represents no change in funding.
Regional Task Force on the Homeless (\$45,000)	The Regional Task Force on the Homeless (RTFH) is a partnership of public agencies, private groups, and homeless advocates. The RTFH collects, analyzes and disseminates information on homelessness, and facilitates regional solutions through planning, coordination and advocacy. The RTFH does this by providing information and referral services to the region, along with reporting on homeless services, funding and population information. Funding for RTFH is provided to the City by the San Diego Housing Commission. The FY 2008 recommended amount represents no change in funding.
Senior Citizens Services (\$171,395)	The Senior Citizens Services of the Park and Recreation Department provides recreation, leisure, social and outreach services to over 40,000 people annually. Services include: information and referral, employment services, telephone-a-partner, legal assistance, insurance analysis, trips, special events, craft shows, theme dances, photography show, art show, talent show, health fairs, tax preparation assistance, homeowner and renter rebates, housing and transportation information, and daily drop-in lounge for socialization and activities. The FY 2008 recommended amount represents a 5% reduction in funding.
Therapeutic Recreation Services (\$445,729)	The Therapeutic Recreation Services section of the Park and Recreation Department provides recreation, leisure, and outreach services to over 50,000 people annually. Services include therapeutic recreation programs designed to meet the special needs of individuals with disabilities who have difficulty accessing and participating in recreation opportunities offered to the general public. Target population is children and adults, ages 3 and up, with any type of disability. Programs include social activities, community outings, adaptive sports, special events, leisure education, information and referral services and outreach services. The FY 2008 recommended amount represents a 5% reduction in funding.

SUMMARY BY PROJECT

PROJECT	DESCRIPTION
Barrio Youth Program (\$292,269)	The Barrio Youth Program's purpose is to prevent juvenile delinquency and drug/gang experimentation among 1,700 high-risk children and adolescents, promote educational success and positive lifestyles, develop youth leadership, and provide a safe haven. The program serves as a recreation center, community swimming pool, and community theater for primarily Barrio Logan/Guadalupe Area/Shelltown youth through supervised group activities in computer lab, sports and fitness, outings, swim program, teen activities, holiday and cultural celebrations, multi-activities and theater events. The program also provides intervention services to peripheral and documented gang youth that help decrease incidents of gang activity, improve school participation, attain anger management, and help clients divorce themselves from gang life. Counselors provide individual and group counseling, support services in advocacy, crisis intervention, and completion of school and probation mandates. The FY 2008 recommended amount represents a 5% reduction in funding.
Interfaith Shelter Network - Rotational Shelter Program (\$28,643)	The Interfaith Shelter Network's Rotational Shelter Program is a county-wide program of 120 congregations of all denominations (half of them host sites, half which help and support) provide two to four weeks of shelter, meals, and other resources for 12 homeless people at each site. Within the City of San Diego, over 80 congregations participate in Council Districts 1, 2, 3, 4, 6, 7 and 8. Eleven social services agencies are subcontracted to provide intake screening, social services and on-going case management. The County of San Diego contracts with Ecumenical Council of San Diego for the administration of this program. The FY 2008 recommended amount represents a 5% reduction in funding.
Neil Good Day Center (\$264,000)	The Neil Good Day Center provides centralized intake, case management support, and needs assessments to achieve stabilized self-sufficiency, a data system to prioritize clients on a "most in need" basis for housing placements, basic services, treatment placements, counseling and recovery services. The goal of this program component is to provide incentivized programming for homeless clients using outreach and case management-supported services that result in improved self-sufficiency skills, appropriate housing placements and stabilized tenancies that permanently end their homelessness. The FY 2008 recommended amount represents a 34% reduction in funding .
HIV/AIDS Information & Education (\$46,052)	The HIV/AIDS Information & Education's goals are to increase community awareness about HIV/AIDS, provide early intervention education for the newly diagnosed, and increase access to healthcare and HIV related support services that will improve the quality of life for those living with this disease. The program is provided by trained individuals who have been living with HIV or have been affected by HIV for three or more years. Volunteer/staff client advocates provide early intervention education, information counseling and assistance in accessing appropriate healthcare and HIV-related support services, individualized for each client. The FY 2008 recommended amount represents a 34% reduction in funding.

SUMMARY BY PROJECT

PROJECT	DESCRIPTION
Casa Familiar Family Services Center (\$44,592)	The Casa Familiar Family Services Center is a multi-service center approach that encompasses both adult and youth services using a variety of human care approaches. The program provides social services, case management, emergency food and emergency transitional housing, senior programs, housing and community services, and community development. Personal development is also provided through educational programs, technology programs, support groups, recreational programs, and sports/fitness programs. The FY 2008 recommended amount represents a 34% reduction in funding.
Legal Aid Community Response Team (\$56,854)	The Legal Aid Community Response Team provides legal services to low-income residents of the City of San Diego who have received eviction papers from the courts, who have had a reduction or termination of public benefits, or are in need of advice on family law issues. These services help keep those most in need in their home and extend their lifeline of income maintenance. The FY 2008 recommended amount represents a 34% reduction in funding.
Pacific Beach Employment Center (\$53,282)	The Pacific Beach Employment Center's purpose is to meet the needs of homeless and working poor job seekers who line the sides of a busy Pacific Beach avenue seeking temporary work by providing a safe and organized location where employers can be connected with day laborers. A daily average of 80 homeless and working poor job seekers apply for placement in temporary and permanent jobs. The FY 2008 recommended amount represents a 34% reduction in funding.
AIDS Response Program (\$44,263)	The AIDS Response Program provides no-cost, high quality mental health services to San Diego residents who would otherwise be unable to receive these services. The Center's mental health services program targets persons living with HIV/AIDS and their affected caregivers, persons who are at high risk for HIV infection, and persons who are in crisis. The FY 2008 recommended amount represents a 34% reduction in funding.
City of San Diego Teen Court (\$29,601)	The City of San Diego Teen Court is a juvenile diversion program where youth offenders accept responsibility for a crime they have committed and agree to have a binding sentence selected by a jury of their peers (high school students from all over the City of San Diego). If offenders complete their sentences, they avoid a criminal record. As part of the program, high school students from all City Council Districts are trained to serve as jurors, attorneys, bailiffs and clerks for the court proceedings. The purpose of Teen Court is to reduce juvenile crime by holding offenders accountable to their communities and educating youth about the consequences of criminal activity. The FY 2008 recommended amount represents a 34% reduction in funding.

SUMMARY BY PROJECT

PROJECT	DESCRIPTION
Youth Leadership & Work Experience Academy (not recommended for funding)	The City's youth work experience program offers training, work experience and a source of income to at-risk youth residing in the City of San Diego. While the program has been successful over the years, the program is not recommended for FY 2008 funding in light of reduced City staffing for administration.
Senior Nutrition Services (not recommended for funding)	From the early 1970s to 1991, the City of San Diego dedicated revenue sharing and CDBG funds for senior meals through contracts with the San Diego Unified School District. In 1991, the City began contracting with the County to supplement funding to existing sites within the City. This program provided meals to seniors at City of San Diego Senior Dining Centers. The program is not recommended for FY 2008 funding, as City funding is supplemental to the County which estimates it will have approximately \$2.8 million for Senior Nutrition Services in FY 2008.

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

No. 07-8

DATE: May 14, 2007

TO: Honorable Council President and Members of the City Council

FROM: Andrea Tevlin, Independent Budget Analyst

SUBJECT: CDBG Loan Repayment of \$3,781,193 from the Redevelopment Agency
(Centre City Redevelopment Project Area)

On Tuesday, May 15, 2007, the City Council and the Redevelopment Agency will hear a request to authorize a CDBG loan repayment from the Redevelopment Agency in the amount of \$3,781,193 from the Centre City Redevelopment Project Area. These monies could be used to fund CDBG-eligible projects; including social service expenses (maximum 15% or \$567,179). As of June 30, 2006, a total of \$109.2 million is outstanding; including \$43.2 million in principal and \$66.0 million in interest. The proposed action would apply this repayment to outstanding principal. The IBA suggests the possibility of repaying interest be explored. It is our understanding that interest is not compounded, thus there appears to be minimal long term impact to apply the repayment to outstanding interest versus principal.

CCDC proposes to defund projects identified for funding in their Fiscal Year 2006-2007 Budget. No specific information has been provided on projects that may be impacted by approval of this action. In order to evaluate this request, the City Council should discuss and understand these specific impacts before making a decision.

Also, in our Report 07-50 which reviewed the Agency's Fiscal Year 2008 Budget, the IBA noted that CCDC is projecting to receive \$96.1 million in tax increment revenue for Fiscal Year 2007, which is \$17 million in excess of the FY07 budgeted revenue of \$79.1 million. An alternative proposal could be to review this and/or other revenue sources to see if an amendment could be made in the current fiscal year to offset any impact of the repayment. Again, any amendment should be fully discussed including possible impacts from proposed changes.